

Memorandum

To: Mayor and Council
From: Tom Baker, Town Administrator
Date: September 6, 2016
Re: RFP for Town-Owned Land

Purpose: The purpose of this item is to review the RFP and authorize staff to advertise this RFP locally.

Background and Discussion: Based upon Council discussions in June and August, staff has developed the attached RFP for issuance locally. Staff would like feedback from Council so amendments can be made as needed and the RFP can be issued. After the RFP deadline, staff will compile the proposals and bring them to Council for discussion. If one or more proposals is acceptable to Council then Council can direct the town attorney to draft a contract for Council review.

Recommendation: Staff recommends Council authorize the issuance of the attached RFP.

**Town of New Castle
Request for Proposals
For the Development of Town-Owned Land
September 6, 2016**

Section 1: Project Overview and Instructions.

The Town of New Castle invites individuals/firms to submit conceptual development ideas for town-owned land on Main Street in downtown New Castle. The subject properties are described below. The Town will accept proposals for a portion of a parcel or one or both parcels. Through this RFP the Town Council's goal is to stimulate economic activity by encouraging the private sector to undertake new construction and new businesses in downtown New Castle.

From the date this Request for Proposals (RFP) is issued, proposers shall direct questions and communications to Tom Baker, Town Administrator. Mr. Baker will engage other staff as needed to address questions.

Tom Baker
Town Administrator
970/984-2311
tbaker@newcastlecolorado.org

Questions, clarification, or interpretation of any section of the RFP shall be put in writing, delivered via email, to the Town Administrator. Responses will be given as soon as possible and all questions and answers will be available to all proposers at a Pre-Proposal Conference to be held on September 14, 2016 at 2:00 PM in New Castle Town Hall. Deadline for Proposals is 5:00 PM Friday September 30, 2016. Proposals can be hand delivered, emailed to Mr. Baker or mailed to Town Hall:

PO 90
New Castle, CO 81647

Section 2: Program Overview.

The Town of New Castle owns two parcels of land on west Main Street in downtown New Castle, see attached map. Both parcels were purchased by the Town for future commercial development and are zoned C-1.

- The first parcel is located at 600 W. Main Street (northwest corner of 6th Avenue and Main Street). This parcel is vacant and comprises 7,500 square feet. This parcel is known as the 600 W. Main parcel.
- The second parcel is directly south across Main Street (southwest corner of Kamm Avenue and Main Street). This parcel is 13,750 square feet and has an 1,800 square foot metal building on the west portion of the parcel. This parcel is known as the Kamm parcel.

At regular Council meetings in June and August, the New Castle Town Council discussed the use of town-owned land to stimulate New Castle's Main Street economy. Based upon those meetings the Town Council decided that they would offer the purchase, lease or other conveyance vehicle of town-owned land to private parties in order to stimulate new building and new businesses on Main Street.

Types of Uses – During Council discussions regarding the types of uses appropriate for these parcels the focus was on retail and office uses, but mixed use buildings which included residential units were also acceptable. At the end of the discussion, Council did not wish to limit developer creativity regarding uses; however, Council goal is to stimulate new construction and new businesses.

Financial Elements – During these discussions Council spoke of deferred payment for lot purchase, lease purchase, and favorable terms for near-term construction. Tax Increment Financing was also talk about as a possible financing mechanism for public improvements.

Impact Fees – Council discussed the barrier to development that front-end costs create and agreed that given an acceptable proposal that some of these costs can be deferred with a three to five year payment plan, i.e., tap fees for sewer and water.

Timeline – During Council discussions it was clear that the Town's flexibility in the above areas will depend upon schedules for new construction and opening of new business(es). In Council's discussions 12 to 24 months was their desired timeline, that is they are flexible with the above elements with performance requirements for completing construction, receiving a Certificate of Occupancy, and opening a new business (with business license) within 12 to 24 months of the property transaction/agreement.

Section 3: Recent Analysis of Property Value.

In July and August, 2016, the Town commissioned a real estate professional to provide Council with a Professional Opinion of Value (POV). In summary the POV estimated the 600 W. Main parcel to be valued at a range of \$145,000 to \$185,000 for commercial uses. The POV estimated the value of the Kamm parcel to be \$282,000, which includes the existing building.

Attached to this RFP are the two POV's for the parcels.

Section 4: Zoning.

Both parcels are zoned C-1. Information on the C-1 Commercial District is available at www.newcastlecolorado.org/government/town-codes. See Title 17, Sections 17.36 C-1 Commercial District and 17.40 Building Design Standards in C-1 Commercial District.

Section 5: Purpose of the RFP.

The Town's purpose in issuing this RFP is to engage the private sector in development of these town-owned parcels and as a result stimulate new economic activity on Main Street. If the Town finds a proposal that meets its goal, then the Town will negotiate with the successful party to set price and other financial considerations and the development timeline.

Section 6: Proposal Requirements.

Proposals must answer the following questions.

1. Introduction of Team making Proposal
 - a. Tell us who you are.

2. What is your Proposal?
 - a. Explain what you intend to build, what business(es) you will open.
 - b. Describe which town-owned property you propose to utilize and whether you desire to purchase or lease the property.
 - c. Provide a proposed timeline for completing the building(s) including opening a new business(es).

3. How will your Proposal stimulate the economy of main Street New Castle? How many new jobs will your Proposal bring to New Castle?

4. Financial Information
 - a. Explain how you propose to finance acquisition and construction.
 - b. Explain how the Town of New Castle will be involved.
 - c. Explain other financial elements of your proposal.

Section 7: Town Council Review.

Once submitted, all proposals will be the property of the Town. The Town Council has the right to accept or reject any or all Proposals. The Town Council intends to consider Proposals in executive session and will follow-up with questions as needed. After the Town Council selects one or more Proposals to pursue, Town staff and the selected Applicants will negotiate and develop draft contract documents for review and consideration by all parties. Final contracts, if any, must be presented to and approved by Town Council at a public meeting prior to any Proposal moving forward.

Google Maps 600 W. Main Street Parcel



Imagery ©2016 Google, Map data ©2016 Google 20 ft

Rocky Mountain Realtors, Inc.

209 Grullo Lane
Silt, Co. 81652
970-984-3720

July 18, 2016

Reference:

7,500 sq. ft. Parcel of Vacant Land
Zoned C-1

Location: 6th and Main, New Castle, Co.
Owner: Town of New Castle

This Property has more than one use; it can be developed as a Commercial location for Small business or a Multi Family development of 3-4 plex. Probably the better use would be for a Commercial Use for the Town of New Castle. I would recommend a Commercial use will also drive the Value of the property to its best potential.

I looked at many properties that have "sold" over the last 12-15 months in the area from Silt to New Castle, which seems to be the area's that compete with each other on a commercial and residential basis, with the Town of New Castle having the more desirable location for business locations.

Properties have "sold" many different ways: you can look at them by how much per square feet they sold for, which sometimes are misleading because of the size of the property that can be used the location and parking. You can look at them by what type of business can use the amount of square feet, (acreage) being sold. The real problem with selling property for commercial uses is "all" business ventures have a budget that matches the success they plan on having, or want. Profits, overhead costs and such, and it is hard to find property that matches a budget or an idea of someone.

Lots of times the asking price is just a "gut" feeling for what something is worth, if I could sell for a certain amount am I happy? some amounts just do not make since to sell for, a small piece of property cannot sell for the going price per sq. ft. because it never adds up to be the amount that would make you happy. Therefore you need to determine a "selling price" that fits your situation and your gut feelings.

Some questions to ask yourself: Do I have to Sell? Do I need the money? Can I use the money to put into something else to make a bigger better return? Or do I retain the property for a future use that may come along and work out well for me?

So based upon some deep investigation and thought process I have come up with what I think the Property could be worth if you were to Sell. You will notice I gave some ranges I think the property would fall within, depending on the use and Buyer.

*****Commercial Use by a Business Venture: \$145,000 to \$185,000**

*****Residential Multi Family use: \$125,000 to \$150,000**

Many Commercial properties always bring a range of \$8.50 to \$18.00 per sq. ft. And of course this price is towards the lower end if it is a fairly large parcel and towards the upper end if it is a smaller parcel. Some highly visible, great access, lots of parking and medium size parcels ¼ acre to 2 acre are the most popular commercial sites, they can handle small business and larger businesses that can have a good impact and afford to pay more per square feet for a sales price.

I have attached and included some comparable sales and active parcels for you to view and compare yourself.

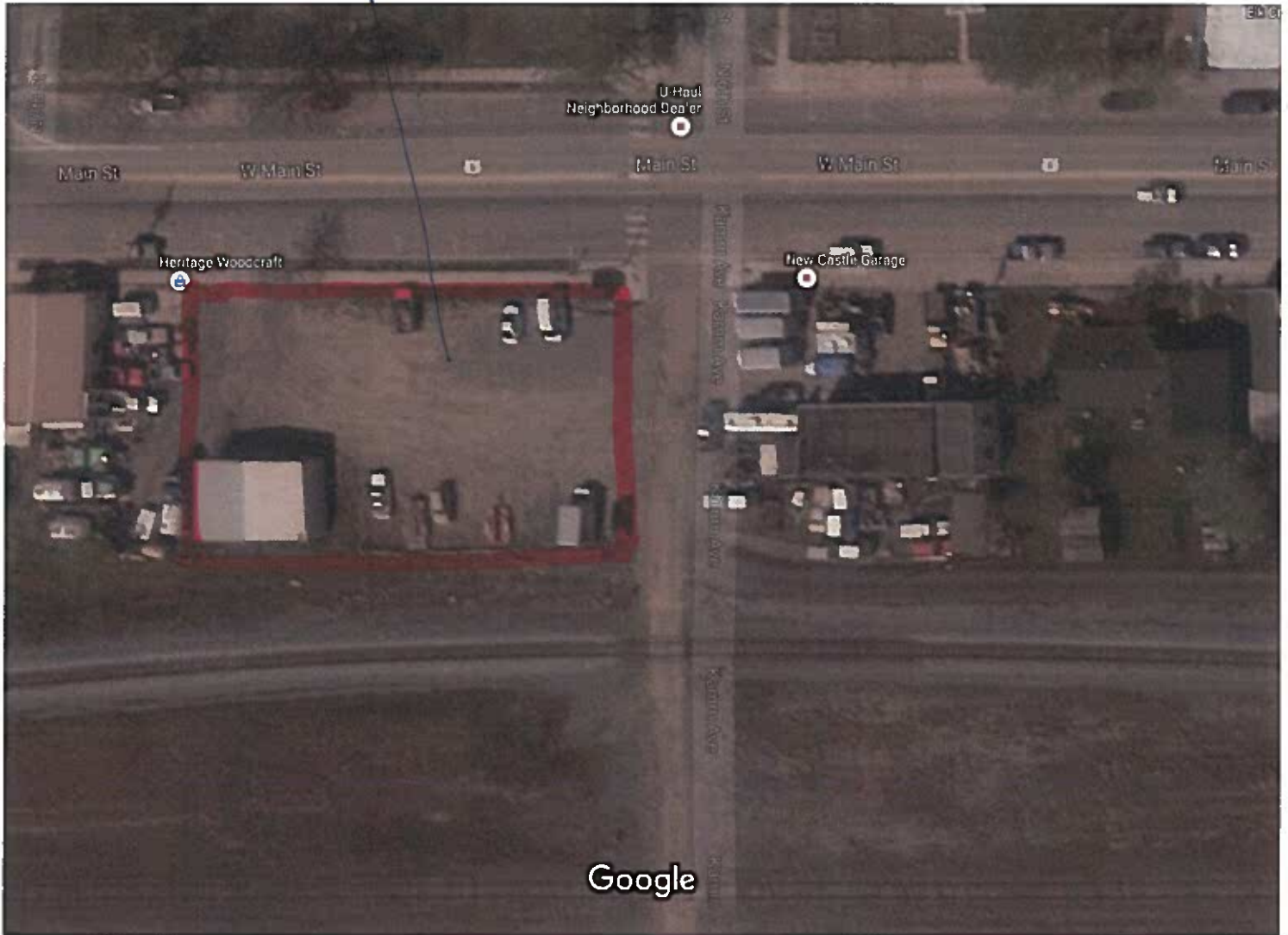
My name is Toby Guccini and I have been in the Real Estate business for 28 years, selling homes, ranches and vacant land for commercial and residential uses to Developers, money people for investments. I have been involved from selling the property to obtaining the Entitlements and processing and preparing the developments for "Sales". Currently we are building and selling homes in the Silt area, with a new subdivision called Painted Pastures and Painted Pastures North with a combined over 200 lots to be used or finished up in the near future.

Thank You for the opportunity and hopefully this gives you some ideas for your property.



Toby Guccini
RMR, Inc.
970-379-5001

Google Maps Kamm Parcel



Imagery ©2016 Google, Map data ©2016 Google 20 ft

August 4, 2016

Town of New Castle
Tom Baker

Thank You again for asking me for the opinion on the subject property.

Property:
731 W. Main St.
New Castle, Co.
Parcel # 2123-313-02-004
Acct. #: R380325

This property consists of 13,750 sq. ft. of Land, Zoned Commercial with a metal building according to Garfield County records of 1,800 sq. ft. warehouse.

There has not been any commercial properties that have sold in the New Castle, Silt areas that would or could be used as a comparable property. So my Opinion of Value will only be based on my experience and knowledge of being a Realtor who has dealt in Commercial properties as a Selling Broker and Listing Broker over my years in the business.

A general thought process is known that commercial property in the past has sold in a range of \$8 to \$11 per sq. ft. depending on location and size. Larger parcel can sell for \$3 to \$5 per sq. ft. and smaller parcels are the \$8 to \$11.00 per sq. ft. I would consider this a smaller commercial parcel in a great location.

I think if I were the Broker hired to sell this property, I would value the property at \$10.00 per sq. ft. and the warehouse building at \$80.00 per sq. ft. Taking into consideration the building is there and useable, it may need some fix up and repairs but it is useable right now for many different types of businesses. I think the highest and best use for what is existing would be a "warehouse" for building materials or retail materials. Other options would be many types of commercial uses, construction related and retail related.

For someone to build a duplicate property, they would pay anywhere from \$8 to \$12.00 per sq. ft. for the property only, if they could find a comparable location, then \$85 to \$110.00 per sq. ft. for the building and construction putting it up, then all the improvements such as tap fee's, parking, asphalt.

I think you own a very nice piece of property and building and my value estimate would be \$282,150.00

I would be very comfortable if I owned the property, asking \$286,000 and not feel like it was priced over and above the market values of today.

I hope this helps, it is a difficult property to value with nothing like it selling in our area.

Attached:
County Records of ownership



Rocky Mountain Realtors, Inc.
Toby Guccini Broker-Employing Broker
970-379-5001